

## BUDGET ALLOCATION MODEL

The construct of the Budget Allocation Model is based on a FTES model to reflect how resources are allocated from the State. However, it is modified to take into consideration the costs associated with the unique instructional programs and organizational structures at each college in order to derive the known cost of producing FTES at each college. The individual FTES rates per college are then applied against the target FTES for each college.

The following comprise the framework for the Budget Allocation Model (BAM):

- Separate rates per FTES are calculated using an eight (8) year average; transitioning to a ten (10) year rolling average over time using historical, total actual expenditures and FTES for each college.
  - The rolling average will smooth out year-to-year anomalies, program level efficiencies and inefficiencies, high cost and low cost programs, staff seniority, changes in administration, etc., etc.
  - Application of the calculated ratios will result in an immaterial remainder that will be allocated on an FTES percentage basis in order to balance the model.
  - Total actual expenditures takes into consideration ALL costs (support, administration, instruction, facilities) to produce the FTES.
  - The starting point for historical expenditures is FY 2008-09...the starting point for three college status.

The Budget Allocation Model in its current form is a transitional model to achieving entity budget equilibrium. It will be monitored annually to assess its effectiveness and will be evaluated prior to each budget development cycle.

Following are the Budget Allocation Model principles, components, and credit FTES rate ratios (Exhibit E-F).

### BAM Principles

1. Equilibrium in the operating budget structural balance is maintained through assurance that ongoing expenditures do not exceed ongoing revenues and that compliance with State and District reserve requirements is maintained.
2. The BAM recognizes that resource allocation is linked to District-wide strategic planning.
3. The BAM provides for the equitable allocation of available resources to the three (3) colleges and the District Office, while ensuring compliance with statutory and regulatory requirements.
4. Enrollment management decisions drive the allocation of operational resources.

## **BUDGET ALLOCATION MODEL**

*(continued)*

5. The BAM is simple, readily communicable and understood, and as easy to administer as possible.
6. The BAM is defined in measurable terms to maintain objectivity and predictability and so that the outcome is independently verifiable.
7. The BAM is driven by verifiable data.

### BAM Components

1. RCCD's BAM will mirror the State funding model for the California Community Colleges for the basic allocation, full-time-equivalent student (FTES) apportionment, one-time funding, and one-time funding on an annual basis (e.g. Prop 30). The model will comply with budget-related statutory and regulatory requirements (e.g. 50% Law, FON, etc.).
2. The minimum 5% required level of District reserves and funding for the district office will be the first allocations of the District's "Total Available Funds" in the Unrestricted General Fund.
3. In recognition that it may be necessary to transition over time to a point whereby each of the colleges achieve equilibrium between allocated revenues and the expenditures needed to support instructional service levels to students, a separate allocation may be provided.
4. Non-State apportionment, one-time funds, ongoing funds and entrepreneurial revenues (e.g. Norco College Trading Post, Riverside City College Splash, Nonresident tuition, indirect cost reimbursements, lease/rental income, etc.) that are specific to a particular entity will be retained by the respective college that generates the revenue.
5. Revenue sources that are not specifically identifiable to a particular entity will be allocated based on the same methodology used to allocate apportionment revenues unless otherwise specified by the funding source.
6. A minimum of 1% of total available funds will be allocated for contingency at the entity level.
7. Child Care Centers, Food Services, Performance Riverside, Contract Education, Community Education, and Bookstore must be self-sustaining by entity.
8. Interfund loans will be allocated "off the top" of the District budget.
9. The budget allocated for the District Office and District Support Services shall correlate with the percent increase/decrease of the aggregate budget allocated to the colleges.

**Exhibit E**  
**Riverside Community College District**  
**Budget Allocation Model - Final Budget**  
**FY 2016-2017**

	<u>Total</u>					
<b>Contingency Budget from FY 2015-2016</b>	<b>\$ 10,447,116</b>					
<b>Apportionment</b>						
Basic Allocation	\$ 11,404,097					
Cr FTES (MVC - 6,606.52; NC - 6,606.52; RCC - 15,386.60 (28,599.64))	143,044,800					
COLA at 0.00%	-					
Full-Time Faculty Hiring	-					
Base Increase + FT Faculty and FON Base Adjustments	1,973,534					
Growth at 2.92% (MVC - 226.20; NC - 226.20; RCC - 526.85 (686.39))	4,179,099					
Total Gross Apportionment	<u>\$ 160,601,530</u>					
Plus, RDA PY Apportionment Deferral Reversal	1,126,438					
Less, Property Taxes	(38,734,367)					
Less, Enrollment Fees	(8,428,741)					
Less, Estimated Deficit Factor (.0050)	<u>(804,290)</u>					
Total Net Apportionment	<b>\$ 113,760,570</b>					
<b>Total Beginning Balance and Apportionment</b>	<b>\$ 124,207,686</b>					
Less, Contingency Reserve (Board Policy at 5.00% or more)	(11,987,323)					
Less, DO Allocation	(2,306,700)					
Less, DSS Allocation	(18,268,001)					
Less, Outgoing Transfer for CSJCL (Resource 1120)	(168,706)					
Less, Outgoing Transfer for DSPS Match, FWS Support and Veterans Educ	<u>(1,032,605)</u>					
<b>Total Funds for Per Credit FTES Calculation</b>	<b>\$ 90,444,351</b>					
<b>Target Credit FTES Target</b>	<u>29,578.89</u>					
<b>Total Funding Rate Per Target Credit FTES</b>	<b>\$ 3,057.7331</b>					
		<b>Moreno Valley</b>	<b>Norco</b>	<b>Riverside</b>	<b>DSS</b>	<b>DO</b>
Total Funding Rate Per Target Credit FTES (Adjusted per Entity)	\$ 3,057.7331	\$ 3,135.5642	\$ 2,586.2446	\$ 3,225.4443		
Target Credit FTES Target	<u>29,578.89</u>	<u>6,832.72</u>	<u>6,832.72</u>	<u>15,913.45</u>		
<b>Total Funds for Per Credit FTES Calculation</b>	<b>\$ 90,444,351</b>	<b>\$ 21,429,385</b>	<b>\$ 17,675,170</b>	<b>\$ 51,339,796</b>		
FY 2015-16 Excess (Shortfall) of Budgeted Revenues	7,255,349	1,306,561	1,928,568	4,020,220	457,779	-
FY 2015-16 Excess (Shortfall) of Budgeted Expenditures	477,568	107,395	815,664	(445,491)	-	17,879,372
Non-Credit FTES	256,438	21,545	-	234,893	-	-
Federal Revenues	196,606	59,867	50,016	86,723	-	-
Other State Revenues	6,955,508	1,495,429	1,977,218	3,482,861	2,618,622	-
Local Revenues	51,459,593	11,197,997	11,512,922	28,748,674	135,277	-
Incoming Transfer from Bookstore (Resource 1110)	1,051,333	135,035	590,796	325,502	-	-
<b>Total Available Funds</b>	<b>\$ 158,096,746</b>	<b>\$ 35,753,214</b>	<b>\$ 34,550,354</b>	<b>\$ 87,793,178</b>	<b>\$ 3,211,678</b>	<b>\$ 17,879,372</b>
<b>Base Expenditures for FY 2016-2017</b>						
FY 2016-2017	(158,096,746)	(36,479,228)	(34,485,536)	(87,131,982)	(21,479,679)	(20,186,072)
<b>Budget (Shortfall) or Excess</b>	<b>\$ -</b>	<b>\$ (726,014)</b>	<b>\$ 64,818</b>	<b>\$ 661,196</b>	<b>\$ (18,268,001)</b>	<b>\$ (2,306,700)</b>

**Exhibit E**  
Riverside Community College District  
**Budget Allocation Model - Final Budget (continued)**  
**FY 2016-2017**

Base Expenditures for FY 2016-2017	Total				DSS	DO	Total DO/DSS
	Colleges	Moreno Valley	Norco	Riverside			
FY 2015-2016 Base Expenditure Budget	\$ 142,181,554	\$ 33,744,773	\$ 30,456,424	\$ 77,980,357	\$ 19,188,797	\$ 19,316,546	\$ 38,505,343
Step/Column and Personnel Adjustments	1,141,695	199,204	366,938	575,553	166,129	66,685	232,814
Full-Time Salary Increases (2.00%)	1,486,886	335,738	331,140	820,008	201,592	28,762	230,354
Part-Time Faculty Salary Increases (2.50% plus Enrollment Growth)	1,442,863	(75,189)	1,032,861	485,191	6,401	(7,266)	(865)
Fixed Charges (STRS, PERS, FICA, MC, UI, WC, GL, OPEB)	1,133,417	274,491	243,934	614,992	129,287	46,034	175,321
Fixed Charges Budget Reduction Holding Account	-	-	-	-	-	(540,000)	(540,000)
Health/Dental/Life Insurance	1,633,199	298,870	284,313	1,050,016	482,088	13,971	496,059
New Faculty Positions (20)	2,800,185	704,435	698,585	1,397,165	-	-	-
New Classified Positions	331,061	28,242	28,242	274,577	250,276	-	250,276
Classified/Management Position Allocation	450,000	150,000	150,000	150,000	150,000	-	150,000
Administrator Position Elimination (2.0 FTE)	-	-	-	-	(379,763)	-	(379,763)
Police Salaries and Benefits Resource Reallocation	383,549	128,321	123,657	131,571	126,827	-	126,827
Retirement Incentive Cost	3,416,642	571,542	229,065	2,616,035	1,143,358	-	1,143,358
Resource 4130 - La Sierra Loan Repayment	541,736	126,486	105,799	309,451	96,868	721,396	818,264
Board of Trustees Election Cost	-	-	-	-	-	300,000	300,000
New Facilities Operating Costs (Kane SS Building and Centennial Plaza)	250,000	-	-	250,000	50,000	-	50,000
Net One-Time Set-Aside	-	-	-	-	-	408,684	408,684
General Liability and Property Expense	(670,739)	(161,434)	(142,116)	(367,189)	(65,060)	(25,715)	(90,775)
Enrollment Marketing	207,634	86,750	72,884	48,000	65,402	-	65,402
Contracts/Agreements/Licenses	220,000	50,820	50,820	118,360	(174,259)	191,500	17,241
Utilities Holding Account	278,059	(56,952)	(5,374)	340,385	(111,291)	-	(111,291)
Legal	-	-	-	-	(17,200)	(350,000)	(367,200)
Special Revenue Programs	858,991	90,609	426,183	342,199	3,640	-	3,640
Miscellaneous Adjustments	10,014	(17,478)	32,181	(4,689)	166,587	15,475	182,062
Base Expenditure Budget FY 2015-2016	\$ 158,096,746	\$ 36,479,228	\$ 34,485,536	\$ 87,131,982	\$ 21,479,679	\$ 20,186,072	\$ 41,665,751
% of Base Budget	79.14%	18.26%	17.26%	43.62%	10.75%	10.11%	20.86%
\$ Increase (Decrease) to PY Base Budget	15,915,192	\$ 2,734,455	\$ 4,029,112	\$ 9,151,625	\$ 2,290,882	\$ 869,526	\$ 3,160,408
% Increase/-Decrease to PY Base Budget	11.19%	8.10%	13.23%	11.74%	11.94%	4.50%	8.21%

Note - Included in total DO/DSS is \$11,270,000 of One-Time funds held to mitigate future cost increases. Without this amount the DO/DSS share would be 13.66%.